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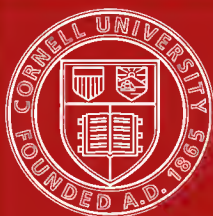
LEGISLATIVE RESTRICTIONS
ON THE
CARRYING TRADE
OF THE
RAILWAYS OF THE STATE OF NEW YORK:

VIEWED IN CONNECTION WITH OUTSIDE COMPETITION.

ADDRESSED TO THE CITIZENS OF THE CITY AND
STATE OF NEW YORK.

NEW YORK:
PRINTED BY WM. L. S. HARRISON,
80 & 82 DUANE STREET.

1860.



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LEGISLATIVE RESTRICTIONS

ON THE

CARRYING TRADE OF THE RAILWAYS OF NEW YORK.

To the Citizens of the City and State of New York :

FROM the memorable struggle which, through the exertions of the indomitable Clinton, resulted in the construction of the Erie Canal, the people of the State of New York have in no instance been called upon to decide a graver question than that presented in the proposition to place legislative restrictions upon the carrying trade of our railways. Those who favor this policy argue that railway competition works a two-fold injury to the State : that it promotes the farming, manufacturing and industrial interests of other States to the detriment of our own, and that it materially lessens the revenues of our canals. To remedy these evils they propose that the Legislature shall enact the "*pro rata* freight bill" of 1858, and reimpose tolls on the railroads. On the other hand it is contended that the proposed measures would operate disastrously on the railroads, would increase the burthens of our agricultural and manufacturing interests by a still further increase of the cost of transportation within our own State, would drive a large portion of the through traffic upon rival thoroughfares outside of the State, and hence would fail to benefit the canals. To understand properly the comprehensiveness and momentousness of the issue, let us, at the outset, survey our present commercial position as a State.

For a time, and up to the period of the completion of the several great railway thoroughfares connecting the Atlantic coast with the region beyond the Alleghanies, the bulk of our inland commerce, between the East and the West, pursued interchangeably one undeviating course over the water lines

traversed by the Hudson, the Erie Canal, the great lakes, and the Western canals and rivers. Within the last few years, however, a silent but mighty revolution has taken place. Iron rails, starting from our principal seaboard ports south of us, may now be seen winding their way through the valleys and along the lateral slopes of the Alleghanies, climbing over the back of the huge monster, tying themselves as they pass to numerous intersecting roads, and to landing-places on the Ohio, the Mississippi and other rivers, and at Pittsburgh, Chicago, Wheeling, Cleveland, Columbus, Cincinnati, Indianapolis, St. Louis, Louisville, and places of lesser note, connecting with that vast railway net-work which collects and concentrates to those points the produce of the prairies, the great basin, and the trade of the interior towns. Thousands of untiring locomotives, harnessed to long trains of laden cars, regardless of the darkness of night, snow-drift or storm, are hastening to and fro; some to deliver the merchandise of the East to the West, and others to return the products of the West to the East. North of us the mountains of Vermont and New Hampshire yield their patient backs to similar iron bands, which stretch from the seaports of New England to the St. Lawrence, to Lake Ontario, and through the Canadas to the upper lakes, where they interchange commodities with the people of the Northwest. In addition to these, the improvements in steam navigation, in the construction of steamers and propellers—improvements which have kept equal pace with those of the railway—have brought into active and formidable competition a mammoth coasting line, which receives freight from all our Atlantic ports, delivers it at New Orleans, and returns with the products of the valley of the Mississippi and the Ohio. Its influence is sensibly felt even as far towards the Northwest as Indiana and Illinois. We may also remark here that the same improvements which enable this line to compete successfully for our carrying trade, are brought into use by the competing railways, where they connect with the waters of the interior, and also in drawing business to themselves from localities North and South of their termini on the coast of the Atlantic.

We will now consider more specifically the capacities of these rival routes. First in order, South of us, is the Pennsylvania Central Railroad. This road runs from Philadelphia to

Pittsburgh, and there, in connection with the Fort Wayne and Chicago Railroads, forms a continuous line to Chicago. It also connects with roads running direct to Cleveland, Columbus, Cincinnati, and all the important points of the West and Southwest. Pittsburgh, having its site at the confluence of the Alleghany and Monongahela rivers, which there form the Ohio, is the receiving and distributing point for the commerce of a vast area of country, and has a navigable water communication of many thousand miles. From the Alleghany, during a portion of the year, it receives business by means of small boats from the northward as high up as Olean in our own State. On the Ohio river, which bears southwesterly, passing by Wheeling, Cincinnati, Louisville, and numerous other enterprising towns on the borders of Ohio, Pennsylvania, Kentucky, Indiana, and Illinois, it commands 959 miles of navigation by large class steamers to the Mississippi, and thence to all the prominent places on that great "Father of Waters," from the highest accessible point to the Gulf of Mexico. Such are the connections of the Pennsylvania Central Road at the West. At its eastern terminus it connects with New York by means of the New Jersey roads and the Raritan Canal, also with New York, with Boston, and other New England cities, by regular lines of propellers, which it directly controls, and which pour into its depôt at Philadelphia immense quantities of freight taken from under our own eyes, and diverted from our own thoroughfares. Nor is this all. Few seem to know that the Pennsylvania Road places Philadelphia on an average more than 100 miles nearer the commercial cities of the West than is the city of New York. Philadelphia is nearer by the Pennsylvania Road than New York is by her roads :

To Cleveland, by	123 miles.
To Chicago, by	136 miles.
To St. Louis, by	161 miles.
To Columbus, by	190 miles.
• To Cincinnati, by	190 miles.

More still, New York *itself* is brought nearer to the West *viâ* the Pennsylvania Road, than *viâ* the New York Central or the New York and Erie. New York merchants and Western shippers save in distance by the Pennsylvania Road, as against the New York Central or Erie as follows :

To Cleveland,		33 miles.
To Chicago,		46 miles.
To St. Louis,		71 miles.
To Columbus,		100 miles.
To Cincinnati,		100 miles.

As an evidence of the capacities of this road we instance the fact that its total tonnage in 1858 exceeded by 281,482 tons that of the New York Central. It increased its *through* freight in 1858, as compared with 1857, nearly 50,000 tons, while that of the New York Central fell off 19,531 tons. We take these facts from official reports. The cost of the road is over \$30,000,000, contributed jointly by individuals, the city of Philadelphia, and the State of Pennsylvania—the latter having loaned its credit to the extent of \$7,400,000. Combining so many natural and artificial advantages, with the fostering patronage of the State, favored by State pride, and by the strong ties which identify it with the life and prosperity of the second city in the Union, a city of only one-fifth less population than the city of New York, this road now boldly and confidently strives to wrest from our own roads their carrying trade, and from New York State and city their commercial supremacy. Already do its Directors assume, and act upon the assumption, of a certain triumph. In their report for 1858 they *officially* proclaimed it to be their settled policy to effect a transfer of our carrying trade to themselves, and the subversion of the commercial ascendancy of New York city by a like transfer of its business to Philadelphia. We speak from the record.

On page 3 of their report for 1858, they say: "The city of Philadelphia has expended millions in the completion of internal improvements to draw to her the trade of the West, and her great work, *undertaken for that object*, is now finished and connected with all its principal avenues; yet it is without the proper means of transferring from cars to vessels the vastly increasing tonnage anticipated from these connections." On page 4 they continue: "In the opinion of your Board of Directors, a new impetus would be given to the growth of Philadelphia by the extension of the Pennsylvania Railroad to the Delaware River, tending more to revive our commerce than any other measure attainable at so small an outlay. The cost of transportation to the Delaware River, with the exemption from city tolls, city teaming, or cartage, would thus be reduced

so much below that to other eastern cities, that vessels would be drawn to *our harbor* for their freights; the difference in favor of Philadelphia over New York or Boston, in the cost of transportation between the West and shipboard, or *vice versa*, would be so apparent *that shipowners or foreign merchants would take advantage of circumstances so greatly to their interests.*

A merchant receiving flour at both New York and Philadelphia from the same western consignor, and selling it at precisely the same rate in each city, returns to the consignor a *larger percentage* on his Philadelphia than on his New York sales—arising solely from the cost of transportation *in favor* of Philadelphia: consequently, cheap transportation to the river front secures to her a large trade which otherwise she cannot obtain, and no doubt *vessels will be brought here for the trade thus created.* This advantage will not be left unimproved by those controlling the commercial interests of our city.” Again, on page 5, they say: “In conclusion, your Board of Directors are of the opinion that the Pennsylvania Railroad has not *accomplished the object* of its construction until a connection is effected with tide-water on the Delaware, thus opening an avenue by which every variety of mineral and agricultural production can be conveyed to a proper point for shipment, and furnishing facilities for the trade of this city at least equal to those of any location on the Atlantic coast.”

In regard to the advantages enjoyed by New York, furnished by the Erie Canal and Hudson River, they further say, on page 16: “The removal or equalization of these advantages must return to it (Philadelphia) a large share of this *export trade*, bringing with it a *corresponding increase in the imports.*” The italics in the foregoing extracts are our own.

After these explicit avowals had been thus officially announced, and it was discovered that they had aroused a feeling of marked uneasiness among the citizens and merchants of New York, G. W. Cass, Esq., one of the most active and energetic of the directors of the road, published in the *New York Times* a communication, dated April 25, 1859, designed to allay apprehension, and to cajole them into the belief that the Pennsylvania Road was as essential to the prosperity of New York as to that of Philadelphia. We call the particular attention of the

reader to the following language quoted from that communication :

"That the Pennsylvania Road will contribute to the rapid growth and commercial development of Philadelphia we claim ; but such a claim is not inconsistent with the fact that the Pennsylvania Road carries a very large amount of the business done by both New York and Boston with the West. We cannot state to-day the amount of this tonnage, but of the 263,204,721 pounds of twelve classes carried to Philadelphia, in 1858, paraded so triumphantly by 'New York,' in proof of his position, a large quantity was merely *in transitu*, when it arrived at Philadelphia, for New York and New England. And herein is the explanation of the great prosperity of the Philadelphia (?) Road ; it not only enjoys most of the interior carrying trade of the city of Philadelphia, but being the shortest and best route from New York City to the greater part of the West, the Western merchants (who in fact control the route by which four-fifths of the freights between the East and the West shall be shipped,) prefer to make their shipments to and from New York over this route. During a good portion of every year, goods may be carried from New York to Cincinnati and points in that direction, with but 353 miles of rail (portage) transportation, whereas it is double that over the New York Central route. In lineal distance, the Pennsylvania Road has more than 100 miles the advantage in all-rail route to the same portion of the West ; and in *directness*, few seem to be aware of the favorable location of the Pennsylvania Road as to the City of New York. The New York Central Road runs on a parallel of latitude *about two and a half degrees north of the City of New York ; whereas the Pennsylvania Road preserves a parallel about one-half degree south of that City*. The Pennsylvania Road, then, being in a geographical position to avail itself, or rather to command, the carrying trade of Philadelphia, Baltimore, New York, and Boston, to and from the West, by river, and by the new Western rail connections lately completed, fully accounts for her increased trade in 1858, and is, moreover, a sure promise of still greater increase in the future, without in any way damaging the merchants in New York. Such a state of things is not only consistent with, but would be promoted by, the most flattering increase of the business of the City of New York its truest friend

could wish. As we have before intimated, it is because the Pennsylvania Road carries trade to and from New York in legitimate and successful competition with the Central, and thereby increases her (Pennsylvania Road) receipts, that so much exercises the New York Central Managers, and *not* the lesser rate from Philadelphia to the West." In a letter dated only two days later, and addressed to "the Merchants of Chicago," this same Director reiterated these views as applicable to that city.

"The trade of Chicago and the business of the Northwestern roads have the advantage of this *less* rate from Philadelphia, to the same extent that other cities and other roads have it. And we do not believe that there is a single merchant in Chicago or the Northwest, who buys goods in Philadelphia, that will insist, when his freight bill is presented to him, that the Freight Agent has made it out *too low*, and that he must add to it, to make the rate equal to what he paid on his New York or Boston purchases. Nor do we believe that a packer of provisions in Chicago, who has shipped 1000 barrels of pork to New York at the current rates, will insist, when he goes to ship 1000 kegs of lard to Philadelphia, that the Freight Agent shall charge him the New York rates. When the Freight Agent informs the shipper that the distance to Philadelphia is about 150 miles less than to New York, and that he can carry his lard at \$2 per ton less to Philadelphia than his meat was carried to New York for, who supposes he will indignantly refuse the offer on the ground that it will injure the packing business at Chicago?"

Now, with these premises before us, and the statistical facts we have given, who does not see that we have in the Pennsylvania Road alone a competitor which threatens the ascendancy of our New York roads?

Next in order as a competing route, is the Baltimore and Ohio Railroad. What the Pennsylvania Road is to Philadelphia, the Baltimore and Ohio Road is to Baltimore. It has its principal terminus on the Ohio river at Wheeling, 379 miles from Baltimore, and another at Parkersburgh, about 200 miles below Pittsburgh, 96 miles below Wheeling, and 383 miles from Baltimore. Its water connections are the same as those of the Pennsylvania Road, which we have described. In conjunction with the Central Ohio Road at Wheeling, the Marietta and

Cincinnati at Parkersburgh, and their affiliated lines, it places Baltimore in direct rail communication with the valleys of the Ohio and Mississippi. Baltimore has an advantage over the City of New York, the latter taking her own roads, of a less rail distance

To Columbus by	.	.	.	.	.	.	250 miles.
To Cincinnati by	.	.	.	.	.	.	298 miles.

Even New York merchants can ship goods by rail to Baltimore, and thence to Cincinnati, *via* the Baltimore and Ohio Road, and save 100 miles in distance, as between that and the New York Central Road. Alluding to the recent completion of the Louisville and Nashville Road, the Directors of the Baltimore and Ohio Company, in their annual report just published, say: "The operation of this and other Southern and Western lines, combined with the superior advantages of Parkersburgh as a port for the great river traffic, and the excellent location of Baltimore, will enable this company to outflank their Northern competitors in the contest for the Southwestern trade." Coasting steamers are also used by this Company, to draw trade from New York and New England. Our New York roads, in consequence of these new facilities afforded to Eastern and Western shippers for transporting merchandise and produce over the Baltimore and Ohio road, at reduced rates, have lost largely of the Southwestern trade already, and are, therefore, forced to conform to the same low rates in order to retain the business they now have. To show the powerful agency of these coasting steamers as a means of diverting our freight over that route, we again quote from the report of the Directors of that Company. On this point they say: "Since the opening of the Baltimore and Ohio road to the Ohio River, and the completion of its Western rail connections, the large supplies of agricultural products over the route have furnished bases for the profitable employment of numerous steamers which regularly ply between Baltimore and the principal Northern and Southern cities on the seaboard.

During the contest for the freighting business last Spring, the New York Central Company demanded from the Southern lines an equality of rates to common points at the West. To this, John W. Garrett, Esq., President of the Baltimore and

Ohio Road, responded as follows: "The New York Central Company demands that the rates from New York, Boston, Philadelphia, and Baltimore to the common centres of the West and Southwest shall be the same. The illustration of the case, in connection with the city of Baltimore, will exhibit the error and absurdity of the principle announced. Cincinnati, as the leading city of the Ohio valley, has commanded the most attention in the discussions of the conventions of the four lines. What are the relative positions of New York and the New York Central Company, and Baltimore and the Baltimore and Ohio Company, to that city? The distance from New York *via* the New York Central Road and the shortest railway line to Cincinnati, is 880 miles. The distance from Baltimore and the shortest railway line to Cincinnati, is 582 miles; leaving the difference in favor of Baltimore, 298 miles. It therefore clearly follows that, unless the New York Central Road concludes to render the service for its entire length without any remuneration whatever, if the connecting roads of the Baltimore and Ohio Company in Ohio can work at the same rates as the connections of the New York Central, it must abandon this demand.

"It has claimed great relative advantages during the season of river and lake navigation, and economy of working, arising from low grades, &c. What are the facts? Assume the use of the Hudson River to Albany, and of the lake from Buffalo to Cleveland, yet the actual transportation is, viz:

	Miles.
On New York Central Railroad, ...	298
And from Cleveland to Cincinnati, ...	255
Total, ...	553
Whilst from Baltimore to Parkersburg, on the Ohio River, 200 miles below Pittsburg, the distance is but	383
Exhibiting the transportation by rail from the City of New York to be (miles)	170

in favor of the Baltimore route, using canal or sea from New York to Baltimore, making the Baltimore and Ohio line the cheapest from the City of New York, and proving conclusively the absolute advantages of the location of Baltimore." Mr.

Garrett then goes on to show that the use of bituminous coal for fuel, which is supplied in inexhaustible quantities on the line of the road at a cost of about \$1 per ton, enables that Company to work their motive machinery at an expense materially less per annum than the cost of fuel on the New York Central. If his statement (which he supports by comparative figures) be true, then this difference may be annually appropriated to the purposes of competition. While candor requires us to regard the amount stated by Mr. Garrett as somewhat exaggerated, there can be no doubt that the advantage derived from this source constitutes a most formidable element in the competing capacities of that road. It is, moreover, a permanent and increasing advantage. For as wood becomes more and more scarce every year, and advances in price, in the same proportion will the contrast be more marked, and the margin in favor of the Baltimore and Ohio Company be enlarged. Now, without lessening their own relative expenditure, they can use the entire amount they save in this respect to the injury of the business of their rivals. On the supposition that their cheap fuel lessens the cost of transportation one or two dollars per ton, they can then offer a premium to that extent to Eastern and Western shippers. The Directors, as the previously quoted extract indicates, fully appreciate this element in the competing capacities of their road, and will, beyond question, make the most of it.

In 1858, this road *increased* its through tonnage to within a fraction of 50,000 tons, which, added to a similar increase on the Pennsylvania road, equals about one-third of the *total* through tonnage on the New York Central for the same year. No road in the country has a better system of agencies, or a more active, vigilant, and persevering corps of agents. They are established in New York, Boston, and other New England cities, circulate handbills, mingle with our merchants, and bid temptingly for every pound of freight. An equally efficient, but more extensive organization, co-operates with them in the Western States.

It is proper also to remark that the State of Maryland and the City of Baltimore have contributed nearly ten of the \$30,000,000 which the road has cost.

With all these circumstances, alliances, and appliances in its

favor, it must take a prominent and energetic part for the future, as it has taken for the past, in the great struggle for the carrying trade between the East and the West.

A *third* railway route runs from Norfolk and Richmond to Louisville, on the Ohio river, to various places on the Tennessee, and to Memphis on the Mississippi.

A *fourth* route runs from Charleston to all the points last named.

A *fifth* route runs from Savannah to the same points.

All these lines have steamers plying regularly to and from our Northern ports, and they connect with other steamers on the Ohio and Mississippi at their western termini. Many local advantages contribute to their capacities of competition. Their original cost does not exceed an average of over \$30,000 per mile; and a propitious climate materially lessens their operating expenses, repairs of roadway, &c., compared with our Northern roads. They are likewise fostered and strengthened in every possible manner by the legislation of the States through which they pass. Georgia has even conferred banking privileges on the Central Georgia Road, which forms a part of one of these lines. It is authorized to create and issue three dollars of paper-money to one of its capital.

A *sixth* line is nearly completed across the Peninsula of Florida, designed to open a shorter and cheaper communication between the Gulf ports and our Atlantic cities. This route, by means of the Alabama and Tombigbee rivers, will draw freight from as high a point as Columbus in the State of Mississippi. Gulf steamers plying in connection with it will tap the immense commerce of the Mississippi and Ohio rivers at New Orleans. Rail communication from New Orleans is also open to the mouth of the Ohio, 540 miles, where, by means of the Illinois Central, it forms a connection with the whole system of Western and North-western Railways—reaching into Michigan, Wisconsin, and Iowa. The Mobile and Ohio Railway will soon be finished to the mouth of the Ohio, which will place Mobile in a relation similar to that of New Orleans. Here then is another combination which is exerting, and must continue to exert, a powerful influence on the traffic between the Atlantic and the South-western interior.

A *seventh* great competitor is the steamship line between

New York and New Orleans. At New York it gathers freight, by means of confederated lines, from all the New England States, and at New Orleans from steamers on the Mississippi. As we have already stated, the improvements in steam-navigation tend every year to cheapen this mode of transportation. That it is effective in the diversion of trade is evident, from the bare fact that it thrives and remunerates its proprietors.

An *eighth* competing element is seen in the numerous sail-vessels which interchange commodities between our Northern and Southern cities. In order to complete their cargoes, they frequently take freight at prices scarcely above the cost of handling. Yet to that extent they feed the Southern competing roads.

It is not generally known, but it is nevertheless true, that the item of *insurance* determines the course of freight to a large extent, and this item operates to the injury of our New York routes, when shipments are made by rail and water. Lake insurance is much higher at all seasons than on the Atlantic coast. Mr. Moran, late President of the New York and Erie Railroad Company, who has carefully studied the subject in its bearings on our railway traffic, in a correspondence with Mr. Garrett, President of the Baltimore and Ohio Company, an extract from which we take the liberty to copy, states the case as follows: "Insurance on the Lakes is never less than $\frac{1}{2}$ of 1 per cent. in summer, and rises to 1 in September; $1\frac{1}{2}$ in October, $1\frac{3}{4}$ on 1st November, and $2\frac{1}{2}$ after 15th of November; whereas, on the Atlantic Ocean the insurance is only $\frac{1}{4}$ of 1 per cent. in summer, and $\frac{3}{8}$ to $\frac{1}{2}$ in winter." According to this, a ton of goods delivered at Buffalo after 15th of November, and worth \$1,000, if it be sent from there by water to Chicago, would pay \$25 insurance in addition to cost of portage; whereas the Pennsylvania Road would transport it from New York to Chicago at less than the simple Lake insurance. When the shipper determines to send by rail and water, he first ascertains the relative cost of insurance, and, if our Northern roads get the freight, they must make the margin on their rates of transportation equal to the difference in insurance—which is equivalent to paying that difference. They are compelled to meet this difficulty every hour of their daily transactions during the season of navigation.

This brings us to another important advantage possessed by the Southern routes. After navigation closes with us it is the best with them, and so continues till spring. They have both their short-rail distance, and their rail and water with a light rate of insurance on the Atlantic. They can, therefore, use either, as may suit their purpose, while our roads are limited to an all-rail price. We observe this feature of the subject, because a change of the current of traffic during the winter months induces a permanent tendency in the same direction, and, if you impose legislative restrictions on our carrying trade, that tendency will be confirmed and strengthened.

Would that we could stop here! But, unfortunately, we are assailed with equal vigor by rival thoroughfares on the north. Boston, the metropolis of New England, in order to carry on a successful competition against New York, by a more direct trade with the West, has formed a railroad connection with Lake Ontario, at Ogdensburgh, and with Montreal on the St. Lawrence. Over this route are transported the manufactures and merchandise of the Eastern States, and in return they receive flour and other produce, to feed the operatives employed in their factories, and to afford supplies for their shipping. Not long since, the Boston *Railroad Journal* stated that this route makes the rates as low from Boston to the West as from the city of New York; and then adds, that "goods shipped by this line arrive at Ogdensburgh in forty-five hours, are immediately put on the Lake propellers, and in three hours more are on their way to ports on the great Western Lakes. Property is transhipped only at Ogdensburgh, and there under great advantages for careful handling and protection."

Further north is that immense thoroughfare known as the Grand Trunk Railway. With \$60,000,000 invested in it by English capitalists, including the \$16,000,000 loaned by the Canadian Government—virtually without interest; with the patronage and wealth of Great Britain and her provinces in its favor; with a continuous track of nearly 1,000 miles from Portland through the Canadas to the Upper Lakes; with a solidity and durability of structure unsurpassed; with an extensive range of docks at Portland, on which its cars are brought alongside of ocean steamers; with an equipage corresponding to its length and magnitude; with *exemption from taxation the*

entire distance, from its Eastern to its Western terminus ; with abundance of cheap fuel at all its stations ; and with a system of rail and water connections at the West leading to all points of the interior, it presents a capacity for competition unequalled by any other road on the American continent.

As an illustration of its actual operations, we have the fact that it has carried heavy merchandise the past season from Boston to Chicago at 22 cents per 100 pounds, and flour from Chicago to Portland at 60 cents per barrel. The Boston *Transcript* of Nov. 8 informs us that, for several weeks previous, the boats of the Grand Trunk Company had delivered at wharf in that city alone, 1,400 barrels of flour daily, and that its business was rapidly increasing. How many barrels in addition it may have distributed by railway to other parts of New England, or sent in vessels to Old England, is not stated. It has even sought the cotton trade, and has transported that staple from the Mississippi to Boston for \$4 per bale. We learn from the Montreal *Herald* that it passed over the Victoria Bridge, eastward, for five days, at the rate of 2,334 barrels of flour daily. At the same rate for the year, it would move 855,560 barrels, or 20,014 barrels more than the total number transported by the Erie Canal to tidewater in 1857.

As a part of the same great Canadian system is the water communication with the interior Western States, *viâ* the river St. Lawrence and the St. Lawrence and Welland Canals. Vessels of 500 tons burthen pass through the St. Lawrence Canal, and will soon pass through the Welland Canal. The capacity of the latter is already sufficient to permit vessels loaded at Chicago to sail to Liverpool without breaking bulk. But it is found more profitable to reship at Montreal or Quebec, by means of iron sail vessels and propellers, which now make regular trips to and from England. These have been adopted because grain transported in them is less liable to damage from heat. They are supplied with cargoes by sail vessels from the Great Lakes, by the Collingwood rail route, which runs from Georgian Bay, on Lake Huron, to Toronto, and the Grand Trunk Railway, from the latter place, to Montreal. The navigable water line, extending from the Atlantic through Canada to the very heart of our Continent, is not less than 2,500 miles. Montreal receives at her docks vessels of 2,000 tons burthen

laden with goods for the interior. Toronto, 333 miles west of Montreal, and on a longitude west of Buffalo, is *nearer to Liverpool than is the City of New York!* Possessing these enormous water and rail facilities, and measuring distance by the cost of transportation, the merchants of Great Britain are practically as near to the great West as our New York merchants. We have good authority for the statement that flour has been taken from Chicago through the Canadas to Liverpool at a *less* price per barrel than is exacted by our own thoroughfares from Chicago to New York.

At the present writing the tariff of the Grand Trunk Railway affords *lower* rates on shipments from Liverpool to our Western cities than the New York Central tariff does from the City of New York to the same points!

The following is a *verbatim* copy of one of the public handbills issued by the Grand Trunk Company, and will tell its own story :

“GRAND TRUNK RAILWAY OF CANADA AND MONTREAL OCEAN STEAMSHIP COMPANY.—New carrying route from England to the United States! Only two transshipments between Liverpool and Chicago, Cincinnati, or St. Louis. One contract throughout. The Grand Trunk Railway will be open from Portland, in Maine, to Detroit, in Michigan, in November next; which, in connection with the Montreal Ocean Line of steamships to Quebec, in Summer, and Portland, in Winter, will form the cheapest, most direct, and expeditious route from Liverpool to the Western States of America. The Agents in Liverpool are prepared to grant through contracts upon the terms, and to the places named below; which include wharfage, customs, bonding, and all charges except marine insurance.

Goods to the above places will go through in Bond.

To prevent delay, merchants are particularly requested to forward bills of lading and invoices of value by mail, prepaid, direct to the Agent of the Grand Trunk Railway, Portland, Maine; in order that the Customs' regulations may be complied with immediately on arrival of the goods.

Early notice of Summer rates of freight will be given.

During Winter the steamships will sail from Liverpool and Portland not less than once a fortnight.

Rates of freight for consignments of not less than twenty cubic feet, or 1000 pounds, via Portland, from November, 1859, to April, 1860:

From Liverpool to	Dry Goods, per 40 cubic feet.			Hardware in casks and cases, per 2,000 lbs.			Tin, Zinc, Steel and Chain, per 2,000 lbs.			Crockery, Iron, in bars, sheets, and plates, per 2,000 lbs.		
	Stg.	\$	c.	Stg.	\$	c.	Stg.	\$	c.	Stg.	\$	c.
Detroit, Mich.....	90s	21	90	110s.	26	76	75s.	18	25	65s.	15	82
Chicago, Ill.....	100s.	24	33	120s	29	20	85s	20	69	89s.	19	47
Quincy, Ill.....	115s	27	98	140s	34	07	100s.	24	33	95s.	23	12
Galena, Ill.....	120s	29	20	145s.	35	29	110s.	26	76	105s.	25	55
Milwaukee, Wis.....	105s.	25	55	125s	30	42	90s.	21	90	85s.	20	69
Burlington, Iowa.....	115s.	27	98	140s	34	07	100s.	24	33	95s	23	12
Dubuque, Iowa.....	120s	29	20	145s.	35	29	110s.	26	76	105s.	25	55
Cincinnati, Ohio.....	100s.	24	33	120s	29	20	85s.	20	69	80s	19	47
St. Louis, Mo.....	110s.	26	76	135s.	32	85	95s.	23	12	90s.	21	90

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M. PENNINGTON, Freight Manager,

Grand Trunk Railway Company, Montreal, C. E.

OCT. 7, 1859.

By comparing the above tariff of the Grand Trunk Company with the tariff of the New York Central, it will be seen that the rates from Liverpool are LESS per ton of 2,000 lbs. than from

New York City to Detroit by	\$2 10 per ton
To Chicago by	7 67 "
To Quincy by	7 02 "
To Galena by	10 00 "
To Milwaukee by	6 45 "
To Dubuque by	11 00 "
To Cincinnati by	5 67 "
To St. Louis by	9 24 "

Though these low rates may appear unremunerative, our roads are, nevertheless, compelled to contend against them, and, in the judgment of the writer, the contest must continue. Those who have carefully studied the commercial policy of England well know her far-reaching grasp. She procured the construction of this road not simply nor primarily for the profit which it was expected to yield to its stockholders, but with a view to open a direct trade with our Western interior cities, and thus to turn into the pockets of her own manufacturers, merchants, and bankers the profits and commissions now received by the factors of our Atlantic cities. Our people will ere long awake to a realization of the fact that, in one vastly important sense, the Grand Trunk Line does not terminate, nor was it intended to terminate, at Portland, but reaches across the ocean, to Liverpool, Glasgow, Sheffield, Manchester, Birmingham, and London. Contracts for the transportation of British manufactures and merchandise will include the Ocean and the Grand Trunk Railway, with its Western connections, and a return of the products of the West by the same line. This is the English idea of that mammoth undertaking. When that idea shall be more extensively developed in practice, orders for goods from Western wholesale merchants will go directly to England instead of New York, and consignments will be made by English merchants to their Western agents. If by this means Great Britain can make a wider margin of profit in favor of her own manufacturers as against those of ours, in favor of the merchandise she buys of other nations to sell to us, and in favor of her own purchasers of our produce,

of which she is the chief foreign consumer, then the prize will amply compensate for the expenditure.

We are therefore destined to grapple with this giant competitor in a struggle from which there is no escape. Possibly the interposition of Congress might aid us, but in the absence of such interposition, and with our own Legislature against us, it requires no prophet to predict the result. Our internal traffic, too, is seriously menaced. Southwestern and Western New York have been tapped by the Williamsport and Elmira Road, which places Elmira only *two* miles further from Philadelphia than it is to New York, over the New York and Erie, and *twenty-one miles nearer* to Baltimore. Binghamton, *viâ* the Delaware, Lackawanna and Western and the New Jersey Central Roads, is seven miles nearer to New York than *viâ* the New York and Erie, and commands by railway a favorable position with respect to Philadelphia and Baltimore. On the north, all that portion of the State bordering on Lake Ontario, on the St. Lawrence, Lake Champlain, and east of the Hudson River, is likewise contested by the routes leading to Boston and Portland.

Already a number of our railroads, after struggling against the influences of adverse competition, have been driven to bankruptcy. When the New York and Erie was built the then position of affairs more than justified the wisdom of its projectors. It was no fault of theirs that they were not gifted with foreknowledge. If the same state of things had continued which then existed, and no other antagonistic thoroughfares had sprung up outside of our State, who does not believe that the New York and Erie would have been to-day a prosperous and paying road? It shows how the rapidity of progress baffles the calculations and forecast of our wisest men. Rip Van Winkle, after awaking from his twenty years' sleep, and noting the changes which had occurred, exclaimed, "Everything is changed, and I am changed; I can't tell what's my name or who I am!" We are equally bewildered by the events of a single year. A map of our country made to-day becomes obsolete to-morrow. No less remarkable are the tendencies of commerce. Enterprise waves her magic wand over other States besides the State of New York, and every touch of that wand, like the rod which smote the rock, opens a new current of trade.

What have been the effects upon us? In what position commercially are we placed? South of us, as we have shown, no less than eight great rivals have tapped and are diverting the flow of our commerce. All the Atlantic States from New Jersey to Florida bring to bear their legislation, the sympathies and patronage of their people, the energies of their cities, the wealth of their capitalists and every other possible influence to attain the same end, and the States of the southwest co-operate. The Lake States, and even those of the northwest, have become neutral. Maine, New Hampshire, and Vermont join with the great Northern lines, while Massachusetts, Rhode Island, and Connecticut are neutral. The Canadas, aided by the mother country, are hostile. From the moment we step across our own boundaries every inch of ground east, west, north, and south is contested. We have *no allies* outside of our boundaries, and are obliged to contend for even our internal traffic.

Yet, in these circumstances, our own Legislature are called upon to turn against us. In the face of the plain, palpable, stubborn facts presented, it is demanded that our assembled representatives shall erect an immense toll-gate across the breadth of the Empire State, or what is worse, enact the "*Pro Rata* Freight bill," either of which measures would effectually exclude from us and throw into the hands of our rivals, the benefits of our railway traffic. Should they do an act so suicidal, let no more be said of the great imperial wall which encircles China, or the policy which dictated its erection.

Here let us contemplate the bearings of this outside competition on the City of New York. Hitherto that City has been the chief factor both of our foreign and internal trade. For a long time she monopolized the only avenue of cheap transportation to and from the West. Before the completion of the Erie Canal, Philadelphia took the precedence. After the opening of the Canal a new impetus was given to the growth of New York, and she became what she is. But now Philadelphia possesses facilities of communication with the interior in some respects superior to New York. By the Pennsylvania road, as previously shown, she is nearer than New York is *via* the Central.

To Cleveland, by		123 miles.
To Chicago, by		136 "
To St. Louis, by		161 "
To Columbus, by		189 "
To Cincinnati, by		189 "

By rail and water her relations with the interior commercial centres are no less favorable. Within thirty hours from the sounding of the signal whistle in her depôt, steamers on the Ohio River receive and bear away the goods of her merchants. It will be seen that the Pennsylvania Road can carry freight by rail from Philadelphia to Cincinnati at a rate *below* that from New York by the New York roads, which will equal the *cost* of transportation on 189 miles. So to Cleveland, Columbus, Chicago, St. Louis, and other points, according to their relative proximity. Who reap the benefits? Chiefly the Philadelphia merchants. To prevent this, and to maintain an equality for New York City, the only course left for the New York lines is to lose the transportation on the excess of distance. Now if, in *addition* to the loss of 189 miles of transportation to Cincinnati, the same to Columbus, 123 to Cleveland, 136 to Chicago, and 161 to St. Louis, you force our roads to adopt a still higher scale of rates, how is it possible for them to retain the business or preserve the ascendancy of New York? Unless, therefore, they be left untrammelled and free, New York must submit to a serious diversion of her trade. Can that great heart of commerce continue its vigorous pulsations while the veins and arteries which lead to it are tapped and drained? Will not the entire Empire State participate in the loss? Her supremacy is essential even to the canals, but it cannot be secured so long as her merchants have to contend against lesser rates to Philadelphia. It may be said that she is not in danger because the Southern routes place her also much nearer to the West than she is by her own routes. Very well; in that case her commerce will pass over those routes instead of ours. They gain it; we lose it. But, should New York transact her business with the Western centres *through* Philadelphia, then, too, she must lose on every shipment to or received from them, the cost of transportation over the 90 miles between the two cities. Besides, will it add to the prosperity of New York to subject her to the necessity and humiliation of paying tribute to her

great rival as the carrier of her commerce? Would she be likely to receive justice from a State whose legislation is adverse, and from a city whose interests are really and avowedly antagonistic to hers? to a city which aspires to supplant her as the commercial metropolis? a city whose continual policy is to wrest from her her importing and exporting, as well as her inland trade? Baltimore, the next great Southern rival of New York, is 298 miles nearer to Cincinnati by rail, and possesses numerous advantages in competing to that point. We have shown that the policy of England in building her canals from Lake Erie to the St. Lawrence, and the Grand Trunk Railway from Detroit to Portland, aims a fatal blow at the commerce of New York. Is it of no account that these thoroughfares transport freight from Liverpool to the Western cities at an average of \$7 per ton *less* than the *cost from New York to the same points*? Is it of no consequence to the citizens of New York that Great Britain has opened the contest for a direct trade with the West by the active employment of seven monster steamers to run in connection with the Grand Trunk Railway at Portland and her inland water routes at Quebec? When she offers to the farmers and merchants of the West a cheaper transportation to and from Liverpool than they have to and from the City of New York, is it possible for the latter to retain her trade unless her own railways come to her rescue? New York, therefore, the moment her own roads are compelled by legislative restrictions to relinquish their through traffic, has tremendous odds against her. Will our Legislature subject her to the unequal contest? Commerce is the life of cities, the soul of their prosperity. God forbid that ill-advised legislation should stifle that life in the Empire City of the Empire State.

We should not overlook the fact that railroads everywhere are developing an astonishing ability to move freight. Senator Prosser, of Buffalo, one of the staunchest advocates of the "*Pro Rata* bill," and an old canal forwarder, expressed the opinion before the Utica Convention, that the railroads have the ability to transport freight at *lower rates than the Canal*. We quote from his speech on that occasion the following remarkable words:—

"It is the ability of the railroads to work cheap which I fear.

Not but that they have often taken property at less than cost; that is undoubtedly so; but they have the ability to do the work extremely low in warm weather. The calculation that so great a loss accrues to railroads on the transportation of flour, &c., is a mistake. Those who are conversant with this business, who come to different conclusions, do so because they take the whole number of tons carried, and estimate the cost of all through freight the same. This is wrong. The stock trade being only one way, is more expensive than that in which the cars are loaded both ways. Freight of the latter class in Summer can be carried very cheaply on a well-balanced rail. If we make the estimate correctly, we shall find that the cost comes down to prices startlingly low. Deduct from these prices the cost of the Winter amount, and we arrive, in my judgment, at an ability to move enormous quantities at a cost of not over \$3, from Buffalo to New York. Now, sir, I come to inquire if we have this ability in our public works? Have we got the ability to move property from Buffalo to New York at the low rate of \$3 per ton? *No, sir, we have not got it."*

Assuming that gentleman's opinion to be correct, we desire to ask him a few simple questions. Have not the railroads out of the State—some of them having much shorter distances and cheaper fuel in their favor—the same ability to carry freight at low rates as those within the State? And if, by your legislation, you force high rates upon our railroads, pray tell us is there any earthly reason to doubt that our carrying trade will be transferred to these thoroughfares?

Those who advocate these legislative restrictions are not agreed, as to the plan to be adopted. A large party insist on the enactment of the "Pro-Rata" freight bill of 1858. They allege, in support of this measure, that our railroads make exorbitant discriminations against the citizens of our own State; that the rates on *local* being much higher than they are on through freights, have the effect to depreciate the value of our farming lands, and to enhance the value of Western lands. Suppose they do charge higher on local than on through freights? What then? Will the remedy proposed relieve our farmers from Western competition? Were the Legislature to enact a prohibitory law—a law absolutely restraining our roads from carrying through freights, it would not change the relative

positions of the farmers of the State of New York with respect to those of the West, except to the still greater injury of the former. Western produce would still find the same cheap and rapid transit to the seaboard by other outlets. No law whatever, unless it were to bring within its scope the railways of the South and North, the Canadian canals, the Ohio and Mississippi rivers, and the Atlantic, could by any possibility benefit our farmers or relieve them from competition with the cheap lands of the West. Our relative conditions in this respect are fixed and governed by a "higher law" than any the Legislature can enact.

But what are the facts in regard to the alleged discriminations? The record will show that our people pay to our railroads less per ton, per mile, on rail transportation within their own State than the people of Ohio, Indiana, Michigan or Illinois pay their railroads for the same service. Our local tariffs will exhibit a favorable comparison with those of any State in the Union. Whenever this statement shall be contradicted by the leading advocates of restrictive measures, it will be time to furnish the data for a just comparison. For the present we shall move one step further, and affirm and prove that the railroads of the West have established as wide, if not wider, discriminations between their local and through tariffs.

Take the following examples :

OHIO AND MISSISSIPPI RAILROAD.

From Cincinnati to St. Louis, 342 miles, the local tariff is higher than the through—

By \$4 80 per ton on first class.

By \$5 40 per ton on second class.

By \$6 00 per ton on third class.

By \$4 80 per ton on fourth class.

This gives an average of \$5 25 per ton more on local for the same number of miles.

From Cincinnati to Trenton, though the distance is 31 miles less, the average *local* is \$5 75 per ton more than the *through* rate.

CLEVELAND, COLUMBUS AND CINCINNATI RAILROAD.

From Cleveland to Columbus, 135 miles, the average *local* is \$2 32 above the through rate.

From Cleveland to Delaware, 113 miles, the average *local* is \$1 60 above the through rate.

SANDUSKY, DAYTON AND CINCINNATI RAILROAD.

From Sandusky to Dayton, 154 miles, the *local* is \$2 25 above the through rate.

MICHIGAN SOUTHERN AND NORTHERN INDIANA RAILROAD.

From Toledo to Chicago, 243 miles, the average *local* is \$2 90 per ton above the through rate.

From Toledo to White Pigeon the average *local*, though the distance is 119 miles *shorter*, is \$2 50 per ton above the through rate.

MICHIGAN CENTRAL RAILROAD.

From Detroit to Kalamazoo, 143 miles, the average *local* is \$2 65 per ton above the through price on 283 miles.

ILLINOIS CENTRAL RAILROAD.

From Chicago to Mattoon, 172 miles, the *local* average is 55 cents per ton greater than the through rate to Cairo, 365 miles.

The Pennsylvania road, the Baltimore and Ohio, the Grand Trunk Railway, and other competitors, discriminate far more against their *local* than our New York roads do. We might multiply illustrations to any extent, showing similar results. Now, while like discriminations exist in the Western States, and while the farmers on the lines of those roads are subject to them in sending their produce to the central points where it is collected for shipment to the sea-board, how can it be shown that they possess in this respect any relative advantage? Do the Western farmers all live in Cincinnati, or Chicago, or Detroit? Then do not the discriminations to which they are subject fairly offset similar discriminations in the State of New York. Carry out the principle of the *pro rata* scheme, and relieve the Western farmers also by applying it to their roads as well? Will that improve the condition of the farmers of New York? Have they contemplated the retroactive consequences they will bring upon themselves by a practical application of this doctrine to the Railroads of the Great West?

Nor is it a sufficient answer to our reasoning to say that the

rates from the central points to the seaboard are disproportionately low. It proves too much. For the Erie Canal holds the same relation that our railroads do to those central points. Canal forwarders enjoy precisely the same advantages on the Lakes, and form the same alliances with the canals and railroads leading westward from the Lakes. In 1858 they had better contracts with the two Michigan roads than the New York Central had. Hence, if the low through rates on our railroads damage our farmers, much more are they injured by the canals. Besides, the canal forwarders have always adopted large discriminations against local and in favor of through freights. They carry from Buffalo to New York cheaper than from Brockport or Medina, and from New York to Buffalo cheaper than from New York to Utica. Every locality on the line pays as large differences to the canal forwarders as are paid to the railroads. If, therefore, the argument be sound that the low through rates depreciate the value of our farming property, all of *three-fourths* of the depreciation must be attributed to the canals; for, according to a statement of Canal Commissioner Ruggles, they carry more than three-fourths of the total tonnage! Will the advocates of the *pro rata* measure apply its provisions likewise to the transportation companies on the canals? Why not? Unless they do so, how are our farmers to be relieved from the alleged oppressive inequality? What do they gain? We need go no further for the causes which operate to the disadvantage of our farmers than the cheapness, easiness of culture, and superior fertility of the Western lands.

The process of equalization is at work, and no legislation under Heaven can arrest it, least of all the *pro rata* scheme. At the several *so-called* "Canal Conventions" held within the past year, a mass of statistics was presented to show that the New York and Erie and Central Roads had made ruinous discriminations against our own people, and in favor of the farmers of the West. To those who are familiar with the railroad freighting business the absurdity of these statistics will be at once apparent. To those who are not familiar with the details of such matters we would say that the pretended facts are not correctly given, and also that two radical *fallacies* underlie them all. First—Instead of comparing the *actual proportions* on through freights *received* by our roads with their local tariffs,

these skilful reasoners take the *entire through rates* to the West, and compare them with the local. Whereas most of the alleged discriminations were caused, not by *our roads*, but by other connecting lines. Its second fallacy is seen in the fact that the through rates by rail *and water* are compared with our local *all-rail* rates, as if both rates were *all-rail*. The two fallacies here exposed are fatal to the correctness of their assumed premises, and equally so to their conclusions. No comparison can be just or trustworthy which rests on bases so glaringly fallacious.

It is simply idle to suppose that our railways would voluntarily adopt the present rates were it possible to obtain higher. Self-interest precludes the idea. They are forced to submit or abandon the business. The obvious design of the "*pro rata*" scheme is to place the roads in a position where, in order to preserve their local prices, they will be forced to adopt a proportionate scale on through freights. Its projectors hope by this course to transfer the through business to the canals. They know perfectly well that with the new scale of high rates the roads cannot possibly retain it.

We agree with them that the effect would inevitably be to deprive our roads of the business. But then comes the question, and a question, too, of momentous significance to the people of the State of New York, where and to what channels of transport will it be transferred? To the New York canals? or to rival thoroughfares outside of the State? To the latter beyond the possibility of doubt. Has it ever occurred to the advocates of the proposed law that all perishable articles, all the lighter and more costly goods, which require rapidity of transit, and which constitute what are denominated first and second class, and also the entire live-stock trade, never seek the canals? The live-stock trade and the trade in dressed hogs pay to the New York roads over \$2,000,000 per annum. Competing roads desire all these classes of freight, and it is simply a question whether they shall have them or we. While the canals will not gain them our roads will lose them. Other roads will transfer this traffic to themselves, other cities will reap the profits, and the people of other States will receive the contingent disbursements pertaining to the process of transportation.

His Excellency Gov. Morgan, with a significant silence, ignores the *pro rata* scheme in his recent Message, but endorses and recommends the policy of imposing tolls.

We have watched the Governor's course too closely to question his patriotism, or to doubt for an instant the purity of his intentions; but, with all due respect, we express the belief that, should this hazardous experiment be tried, it will bring upon our noble State a series of calamities from which neither he nor we will ever live to witness a recovery. Commerce, like persons, will bear burdens which it cannot shirk; but at no period of the world's history has it ever voluntarily submitted itself to any burden whatever. It is the only thing in America which really knows no North, no South, no East, and no West. It goes where it finds the cheapest pathways, without regard to latitudes and longitudes or the boundaries of States. Toll-gates are institutions from which it instinctively recoils, and it will never patronize where it is possible to elude them. Does the existing situation of our carrying trade warrant the erection of these gates across the railways of the State of New York? Will they invite outside commerce? Will they preserve our internal commerce?

Our respected Auditor of the Canal Department, in his Annual Report for 1858, argues that "the imposition of canal rates of toll on the New York lines would not cause any diversion of trade from our own lines of railroads, or from our own commercial metropolis." To support his position he gives the following as the comparative rates of transportation from three of the seaboard cities to the West in 1858:

COST PER TON FROM

Baltimore to Chicago	\$23 07
Philadelphia to Chicago	20 16
New York to Chicago, by New York and Erie Railroad	13 38
New York to Chicago, by New York Central Railroad	10 82
New York to Chicago, by Canals, &c.	7 12

Because the costs per ton, as he alleges, were higher in 1858 from Baltimore and Philadelphia to Chicago, than he says they were from New York, he argues that the imposition of tolls will not divert our trade.

Mr. Benton is extremely unfortunate in his statement of facts. Take the first item above as an example. We have in our possession, and can show to Mr. Benton, one of the original handbills of the Baltimore and Ohio Railroad Company, which were generally posted about New York in August, 1858, wherein they soli-

cited freight from *New York* to Chicago by steamer and railroad, and offered to carry, first class, \$10 per ton; second class, \$8 per ton. Here, then, the fact turns out to be that the Baltimore and Ohio Railroad Company actually took freight from New York to Chicago at an average of more than \$1 per ton *less* than the price Mr. Benton gives as the rate on the New York Central, and at \$14 per ton *less* than the rate given by him from Baltimore to Chicago? Had Mr. Benton taken the trouble, he could easily have ascertained that it has been and still is the *settled* policy of the Baltimore and Ohio Company to make much *lower* rates from Baltimore to common points of the West than from New York. By the terms of the notorious St. Nicholas Compact, the comparative rates were, by all rail:

FROM BALTIMORE TO						
Cincinnati . . .	30	25	17	15	15	} Less than from New York.
Columbus . . .	30	25	20	15	15	
Cleveland . . .	5	0	5	5	5	
Indianapolis . . .	30	25	20	15	15	
Chicago . . .	20	15	10	10	10	
St. Louis . . .	30	25	20	15	15	

A similar scale existed in favor of Baltimore by rail and water. So with the Pennsylvania road. The New York merchants were alarmed by these low rates from Baltimore and Philadelphia, and appealed by earnest memorials to the Presidents of the New York Central and New York and Erie Companies to afford them relief. What relief could they afford? There was but one remedy, and that was to meet their antagonists by a corresponding reduction. It became with our roads a matter of necessity. They had to abandon the merchants of our great City to the mercy of their opponents, to a continued drain upon their trade, and suffer an equal loss to their own traffic and that of the State, or else equalize the cost of transportation by placing New York on a par with her rivals. This state of affairs still exists, and must exist. The operations of the Grand Trunk Railway, which the Auditor does *not* notice in his report, add immensely to the antagonism brought to bear against our New York roads, and against our commercial metropolis. Mr. Benton has been led into similar errors respecting the rates from Philadelphia. Yet it is from such fallacious statistics the advocates of restrictive

measures deduce the conclusion that, if enacted, they would not operate injuriously upon our general trade.

But why did not Mr. Benton allude to the practical workings of this measure on our internal traffic? He does not explain to us how he expects property will go from Elmira to New York, over the New York and Erie, and pay tolls on 273 miles of railway, while it can reach Philadelphia, which is only two miles further, and Baltimore, which is twenty-one miles nearer, and pay *no tolls* at all. He does not allude to the fact that produce from Suspension Bridge to Philadelphia, *via* the Williamsport and Elmira road, would pay tolls on 171 miles in the State of New York; whereas, if it took our own roads from Buffalo, it would pay on 300 miles; nor does he tell us whether it would naturally choose the more costly or less costly route. He does not inform the people that from Buffalo to Philadelphia, *via* the Williamsport and Elmira road, it would save over 150 miles of tolls, which it would be compelled to pay if it were to take our own roads. Indeed, every town in the southern tier of counties, most of the towns in the central counties, and all of the northern towns and counties, will find it to their interests, in order to save tolls, to ship to rival seaboard cities rather than to New York, whenever the markets are equal, and even when they ship to New York, they will take the outside routes that intersect the southern part of the State.

For similar reasons a large portion of Western produce would avoid Buffalo and Rochester, and strike the State at Oswego or Cape Vincent, and shipments from New York to the West would turn off at the same points. We believe that practical experience will demonstrate that the effect of tolling our roads will be to materially *diminish* the traffic of the State both in local and through freights. Were it not for the *permanent loss* which must result to the City and State, we would not say a word against a trial of this experiment. We know that the clamor for repeal, within twelve months, would be a thousandfold more loud and potent than that which now calls for restriction. But we also know that when trade once passes under the control of rival interests, rival localities, and rival associations, all act upon it like so many magnets, and it cannot again be recovered except at a vast sacrifice and at a vast expense.

One of the last acts of that quiet, unassuming, noble man,

the late Isaac Newton—a man who was thoroughly conversant with these matters, was to appear before a Committee of the Senate, and utter his solemn protest against this ruinous policy.

More than eighteen hundred years ago, He who comprehended the blindness of mankind proclaimed that though one were to rise from the dead and bear witness to the truth, yet it would not be believed. It may be so in the case before us; but, nevertheless, that voice from the dead shall be heard, and its eloquent warnings be repeated, though they may not be heeded. Said Mr. Newton: "I affirm that instead of the New York and Erie and New York Central Railroad taking business from, they give business to the canals, by keeping the traffic of the West in this channel, by opening and cheapening the modes of transportation between the Lakes and the City of New York.

* * * * * But, Mr. Chairman, I feel an interest in this subject beyond dollars and cents. If you impose these tolls one of two things must take place. The railroads must either, in order to retain the trade, carry freight at prices that will ruin them, or charging a price that will enable them to live, the property will seek other routes. Every hoof, horn, and bushel must go by other routes if tolls are imposed upon the goods of this State. By so doing you may get a few dollars out of commerce, but the effects—the throwing of trade out of the State—will not be arrested in years. Your people will be impoverished and your treasury without funds. The world is not asleep. The railroads we have now are but a moiety of the railroads we will have in a few years. The object is to keep the control of the commerce until the great work, in which we all have so just a pride—the canals—are finished."

If the people of the City and State of New York could appreciate *all* the facts and considerations which bear upon this great issue, we would not fear the result. They would see, what must be evident to every reflecting mind, that this is not a question between our canals and railroads, but between all the thoroughfares of our State and those of other States. With the watchwords, "*Freedom to our railroads and an enlarged canal,*" and the adoption of a corresponding policy, we may still retain our position as the *Empire State*, and our City will continue to be the *Empire City*. Herein is our only hope and our only safety.

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